

Message Text

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SUBJECT: GSP BENEFITS FOR SUGAR IMPORTS - GUYANA AND
JAMAICA EXCLUSION

REF: 74 STATE 24951, GEORGETOWN 273

1. IN RESPONSE TO COMMON MARKET COUNCIL CONCERN RE
INELIGIBILITY OF U.S. IMPORTS OF JAMAICAN AND GUYANESE
SUGAR FOR DUTY-FREE TREATMENT UNDER U.S. GENERALIZED
SYSTEM OF PREFERENCES (GSP), YOU MAY RESPOND TO
CARICOM SECRETARIAT ALONG FOLLOWING LINES.

A. COMPETITIVE NEED FORMULA IS MANDATORY LIMITATION
EMBEDDED IN SECTION 504 (C) OF TRADE ACT OF 1974.

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B. THE EXECUTIVE BRANCH DOES NOT HAVE LEGISLATIVE

AUTHORITY TO WAIVE COMPETITIVE NEED LIMITATION IN JAMAICAN OR GUYANESE CASES. "SPECIAL CIRCUMSTANCES" SURROUNDING THESE CASES OR ANY OTHER SIMILAR CASE CANNOT AFFECT LEGISLATIVELY MANDATED APPLICATION OF COMPETITIVE NEED LIMITATION.

C. IN ANY EVENT, U.S. DATA SHOW THAT U.S. SUGAR IMPORTS FROM GUYANA IN 1975 TOTALLED 42,994,000 DOLLARS; JAMAICA

34,266,000 DOLLARS. THUS, 1975 EXPORTS ALONE WOULD MAKE GUYANESE AND JAMAICAN SUGAR EXPORTS TO THE U.S. INELIGIBLE FOR GSP AS OF MARCH 1, 1976.

D. AN IMPORTANT GSP OBJECTIVE IS TO ASSIST DEVELOPING COUNTRIES TO DIVERSIFY THEIR EXPORTS THEREBY LESSENING THEIR DEPENDENCE ON "THE FEW EXPORTS UPON WHICH THEIR ECONOMIC DEVELOPMENT IS SO HEAVILY DEPENDENT." (QUOTE IS FROM CARICOM SECRETARY GENERAL MCINTYRE'S LETTER OF FEBRUARY 4.)

2. IF NEEDED, EMBASSY MAY WISH TO REMIND CARICOM OFFICIALS OF HISTORICAL RECORD WHICH INDICATES THAT IN JANUARY-FEBRUARY 1974 RESPECTIVE WEST INDIAN GOVERNMENTS HAD MADE DECISION TO INVOLVE THEMSELVES HEAVILY IN SUGAR MARKETING DECISIONS AND THAT A GREATER EMPHASIS WOULD BE PLACED ON U.S. MARKET. STATED RATIONALE FOR THIS DECISION WAS THE NEED TO INCREASE FOREIGN EXCHANGE EARNINGS. (SEE REFTEL) IN ADDITION, IN A JOINT NOTE FROM THE AMBASSADORS OF BARBADOS, GUYANA, JAMAICA AND TRINIDAD AND TOBAGO ON OCTOBER 10, 1973, THE WEST INDIES GROUP REQUESTED A LARGER QUOTA THAN THAT ORIGINALLY PROJECTED UNDER SECTION 202(D)(4) OF THE SUGAR ACT. THE FINAL ADJUSTED QUOTA FOR 1974 FOR THE WEST INDIES GROUP WAS 302,543 SHORT TONS, OF WHICH 282,146 SHORT TONS WERE SHIPPED. DURING THE ENTIRE SECOND HALF OF 1973 THE DEPARTMENT AND THE USDEL TO THE NEGOTIATIONS FOR A NEW INTERNATIONAL SUGAR AGREEMENT WERE UNDER PRESSURE FROM WEST INDIAN PRODUCERS FOR A LARGER QUOTA THAN OTHERWISE ALLOWED UNDER THE SUGAR ACT. THE REQUEST WAS CLEARLY UNCLASSIFIED

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ON THE PART OF THE WEST INDIES GOVERNMENTS. KISSINGER

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